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Daily Report

Summary

- Trade war concerns eased as the USA invited China to resume talks.
- Europe's stock markets posted modest gains; the Dow and the S&P climbed back into positive territory, the tech sector was under pressure.
- The ECB and the Bank of England are to hold rate-setting meetings today.

Europe's stock markets recovered from Tuesday's drops; the Stoxx600 upped 0.5% in Wednesday's session. The FTSE gained 0.6%, the DAX upped 0.5%, and the CAC40 advanced 0.9% by the close. It was mainly commodity producers who fuelled the Pan-European index's growth. For the first time in months, Brent exceeded the 80 USD/barrel line, as statistics signified a decline in US oil inventories. Mining companies' share prices moved upward, while futures for copper fell 0.9%, aluminium dived 2.4% and zinc sank 3% on the London Metal Exchange. The Dutch-based Galapagos biotech company rallied 18% on news that one of its original medicines passed Phase 3 test. Spain's Inditex surged 4.1% on the announcement that the company expects improving profit margin in the second quarter. Fiat Chrysler jumped more than 4% –the company is reported to be selling its Magneti Marelli parts business for more than EUR 6 billion. Britain's SSE energy service provider nose-dived 8%, after issuing profit warning.

On the other side of the Atlantic, the key stock indices climbed into the green by the close, but all technology benchmarks ended in the red. The Nasdaq100 shed 0.3%, the Nasdaq Composite slipped 0.2%, and technology was among the weakest sectors within the S&P, along with financial service providers. Chipmakers were hit particularly hard (Micron: -4.3, Applied Materials: -2.0%, Analog Devices: -2.4%), as were social media platforms (Google: -1.5%; FB: -2.4%, Twitter: -3.7%, Snap: -7.0%). On Wednesday the European Parliament voted to approve reforms to copyright law: the EU will allow copyright holders to charge tech giants for aggregating their content on various platforms ('link tax'). The presentation of the new series of iPhones did not boost Apple, whose share price shrank 1.2% yesterday. An article in the Wall Street Journal helped ease trade war anxiety, as the piece suggested that the USA was prepared to resubmit talks with China before imposing a new round of tariffs on it. The source, speaking on condition of anonymity, said that the negotiations would be headed by US Secretary of the Treasury Steven Mnuchin. In its Beige Book the Fed warned, citing the latest data, that the implementation of protectionist tariffs had impeded US investment and raised input costs. But the energy sector fared well yesterday; fears surrounding the Florence hurricane any possible supply problems drove the WTI's price above 70 USD/barrel.

The CEE region's stock markets moved mixed yesterday: while Prague's PX upped 0.7%, Warsaw's WIG lost 1.7%, and Budapest's BUX closed 0.7% down. MTelekom was the only Hungarian blue chips to avoid losses, by stagnating at HUF 408. Starting from 24 September, the components of the BUX, BUMIX and CETOP indices will change, the Budapest's announced. As a result, Zwack Unicum will be removed from the BUX basket.

Throughout Wednesday morning, the EUR/HUF oscillated around Tuesday's close, before the EP voting pushed it above 326. A subsequent consolidation led the cross to 324, marking 0.1% forint weakening. The USD/HUF printed a similar pattern, but the forint could eke out a small gain by the end of the day. The euro's slight appreciation pushed the EUR/USD 0.2% higher on Wednesday. The GBP/HUF barely changed.

In Hungary, long-term government bond yields rose by 1–4 basis points yesterday. Today the ÁKK will hold 3Y, 5Y and 10Y government bond auction, putting up for sale HUF 20bn, 20bn, and 15 bn government debt respectively.

Asia's stock markets closed in positive territory this morning, benefiting from the resumption of US-China talks. S&P futures were seen mildly in the red.

Today's rate-setting meetings of the ECB and the Bank of England are expected to leave their policy rates unchanged.

Today the USA will release inflation statistics and the federal budget balance for August.

	Stocks				Bonds				Commodity & FX			
	Product name	Close	Daily change (%)	YTD (%)	Product name	Yield	Daily change*	YTD	Product name	Close	Daily change (%)	YTD (%)
Global	S&P500	2888,9	0,0	8,1	VIX	13,1	-0,6	19	WTI	70,4	0,8	16,5
	DOW	25998,9	0,1	5,2	US 2Y	2,75	0	86	Brent	79,74	0,9	19,2
	Nasdaq100	7488,1	-0,3	17,1	US 10Y	2,96	-2	55	Gold	1205,5	0,7	-7,4
	DAX	12032,3	0,5	-6,9	GER 2Y	-0,56	-2	8	Silver	14,21	0,9	-16,1
	CAC40	5332,1	0,9	0,4	GER 10Y	0,42	-2	-1	EUR/USD	1,16	0,2	-3,1
	FTSE 100	7313,4	0,5	-4,9	PT10Y	1,89	-3	-4	EUR/GBP	0,89	0,1	0,3
	FTSE MIB	20963,0	0,5	-4,1	IT 10Y	2,79	2	80	EUR/NOK	9,60	-0,6	-2,5
	Stoxx600	377,1	0,5	-3,1	SP 10	1,48	0	-9	USD/CAD	1,30	-0,5	3,3
	- Banks	133,6	0,1	-19,0	iTRAXX	61,4	0,5	36	AUD/USD	0,72	0,6	-8,1
	Nikkei 225	22815,5	0,9	0,2	JPY 2Y	-0,11	0	3	USD/JPY	111,25	-0,3	-1,3
	SSEC	2669,4	0,5	-19,3	JPY 10Y	0,11	0	6	GBP/USD	1,30	0,1	-3,4
Regional	RTS	1071,3	1,5	-7,2	RUS10	8,9	-1,3	17	USD/RUB	68,945	-0,6	19,6
	WIG20	2210,16	-1,7	-10,2	POL 10	3,2	-1,3	-2	EUR/PLN	4,31	0,1	3,1
	PX50	1089,3	0,7	1,0	CZ10	2,2	0,2	42	EUR/RON	4,633	0,1	-0,9
Hungary	BUX	36104	-0,7	-8,3	3M DKJ	0,21	0	17	EUR/HUF	324,88	0,1	4,6
	OTP	9975	-0,6	-6,9	1Y	0,59	0	54	USD/HUF	279,33	-0,1	7,9
	MOL	2840	-0,8	-5,5	3Y	1,74	1	119	CHF/HUF	287,62	0,1	8,5
	MTelekom	408	0,0	-10,9	5Y	3,03	4	186	PLN/HUF	75,40	0,1	1,5
	Richter	5200	-0,8	-23,3	10Y	3,58	-2	154	GBP/HUF	364,29	0,1	4,3

* In the case of bond yields, the change is in basis points instead of percentage (VIX and ITRAXX not included).

Sources: Reuters, OTP Research

Data	Cd.	Event/Data	Period	Fact	Cons.	Prev.
2018 9. 10.	9 : 00	TR GDP (yoy, %)	Q2	5,2	-	7,4
	9 : 00	TR GDP (qoq, %)	Q2	0,9	-	2,0
	10 : 30	UK Industrial production (mom, %)	Jul	0,1	0,2	0,4
11.	9 : 00	HU Inflation (yoy, %)	Aug	3,4	3,3	3,4
	9 : 00	HU Core inflation (yoy, %)	Aug	2,2	-	2,4
	11 : 00	DE ZEW Economic Sentiment (points)	Sept	-10,6	-14,0	-13,7
12.	9 : 00	FR Jean-Claude Juncker's State of the Union Speech	-	-	-	-
	9 : 00	HU Industrial production (second estimate, yoy, %)	Jul	6,2	-	6,2*
	11 : 00	EZ Industrial production (mom, %)	Jul	-0,8	0,1	-0,7
	20 : 00	US Fed Beige Book	-	-	-	-
13.	8 : 00	DE CPI (final, yoy, %)	Aug	2,0	2,0	2,0*
	13 : 00	UK Interest rate decision (%)	Sept		0,8	0,8
	13 : 45	EZ Interest rate decision (deposit rate, %)	Sept		-0,4	-0,4
	13 : 45	EZ Interest rate decision (lending rate, %)	Sept		0,0	0,0
	14 : 30	US CPI (yoy, %)	Aug		2,8	2,9
	14 : 30	US CPI (mom, %)	Aug		0,2	0,2
	14 : 30	US core-CPI (yoy, %)	Aug		2,4	2,4
	14 : 30	US core-CPI (mom, %)	Aug		0,2	0
	20 : 00	US Federal budget balance (USDbn)	Aug		-	-77,0
14.	4 : 00	CN Industrial production (yoy, %)	Aug		5,9	6,0
	4 : 00	CN Retail sales (yoy, %)	Aug		8,7	8,8
	4 : 00	CN Infrastructural spending (yoy, %)	Aug		5,5	5,5
	9 : 00	HU Construction output (yoy, %)	Jul		-	28,2
	14 : 30	US Retail sales (mom, %)	Aug		0,4	0,5
	15 : 15	US Industrial production (mom, %)	Aug		0,3	0,1
	16 : 00	US Michigan Consumer confidence (preliminary, points)	Sept		96,5	96,2
	16 : 00	US Business inventories (mom, %)	Jul		0,3	0,1

* preliminary data

Sources: Reuters, OTP Research

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